

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 IO-10 OMB-01 EB-07 AID-05 AGR-05 SIL-01 LAB-04

CU-02 /104 W

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 2512

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

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AMEMBASSY TEHRAN

CINCPAC

C O N F I D E N T I A L SECTION 01 OF 02 ISLAMABAD 9693

CINCPAC FOR POLAD

FOL TEL SENT ACTION ISLAMABAD INFO KARACHI DTD 9 OCT H/W RPTD
FOR YOUR ACTION/INFO AS INDICATED:

QUOTE:

C O N F I D E N T I A L LAHORE 1171

E.O. 11652: GDS

TAGS: PINT, PK

SUBJECT: POLITICS IN THE PUNJAB: PPP SHAKEN BUT STILL IN
COMMAND

REF: RAPHEL/GIBNEY LETTER OF 9/26

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1. SUMMARY: KHAR'S DEFECTION FROM PPP AND RAMAY'S CHALLENGE

TO PRIMIN BHUTTO LAST MONTH WERE MAJOR NEW POLITICAL DEVELOPMENTS IN PUNJAB, RAISING ISSUES OF PROVINCIAL AUTONOMY AND PARTY UNITY. AS RESULT, OCTOBER 19 LAHORE POLL, WITH KHAR RUNNING AS INDEPENDENT FOR RAMAY'S PROVINCIAL ASSEMBLY SEAT, HAS TAKEN ON NEW SIGNIFICANCE. OPPOSITION REMAINS DIVIDED, WITH JUP CONTESTING LAHORE BY-ELECTION IN DEFIANCE OF UDF BAN AND MUSLIM LEAGUE RUMORED TO BE SUPPORTING KHAR FOR NUISANCE VALUE. NEW PUNJAB GOVERNMENT, UNDER CHIEF MINISTER SADIQ HUSSAIN QURESHI, IS PERFORMING CREDITABLY, BUT GOT OFF TO SLOW START, WITH CABINET FORMATION BEFORE KHAR'S BREAK HINDERED BY PPP HIGH COMMAND. SERIOUS FLOODING STRUCK PARTS OF PROVINCE IN AUGUST, SLOWING WHEAT PROCUREMENT, BUT SOARING INFLATION CONTINUES TO BE GOPUNJAB'S CHIEF ECONOMIC PROBLEM. DESPITE DEFECTIONS AND IDEOLOGICAL CHALLENGE FROM WITHIN, PPP REMAINS IN COMMANDING POSITION. BHUTTO'S IMAGE AS PARTY LEADER, DAMAGED BY EARLIER KHAR/RAMAY IMBROGLIO, HAS BEEN FURTHER TARNISHED BY RECENT EVENTS ALTHOUGH HE CONTINUES TO KEEP FIRM GRIP ON PARTY AND ADMINISTRATION IN PUNJAB. END SUMMARY.

2. PREVIOUS EXPECTATION THAT OUSTER FROM GOPUNJAB OF KHAR AND RAMAY AND FORMATION OF NEW PROVINCIAL GOVERNMENT WOULD PAPER OVER PPP FACTIONALISM HAS BEEN SHATTERED BY KHAR'S DEFECTION (LAHORE 1134) AND RAMAY'S SUBSEQUENT IDEOLOGICAL CHALLENGE TO BHUTTO (LAHORE 1147). KHAR'S RESIGNATION SEPTEMBER 24 WAS PROMPTED BY SPIRE OVER FAILURE TO GAIN PPP TICKET FOR LAHORE SEAT IN UPCOMING PUNJAB ASSEMBLY BY-ELECTION AND DEMONSTRATES KHAR'S CONSUMING AMBITION TO CONTINUE TO PLAY A PIVOTAL ROLE IN PUNJABI POLITICS. ALREADY STUMPING VIGOROUSLY AS AN INDEPENDENT CANDIDATE, BUT WITH LITTLE APPARENT SUCCESS, KHAR HAS BUILT HIS CAMPAIGN PLANK, VIRTUALLY DEVOID OF ANY SUBSTANTIVE OR IDEOLOGICAL CONTENT, AROUND HIS CLAIM TO BE "QUAID-E-PUNJAB" (LEADER OF PUNJAB) AND POTENTIALLY DIVISIVE DEMAN FOR PROVINCIAL AUTONOMY. KHAR TOOK WITH HIM SOME 3 MNAS AND 20 MPAS, AS WELL AS PERHAPS SEVERAL SCORE PARTY UNDERLINGS -- MOST SIGNIFICANT CHALLENGE TO PARTY TO DATE -- RAISING QUESTIONS ABOUT LONG-TERM UNITY OF PPP IN PUNJAB AND REFLECTING PERSISTENT FAILURE OF HIGH COMMAND TO ORGANIZE PARTY ALONG DEMOCRATIC LINES. PPP HAS STRUCK BACK WITH PARADE OF MINISTERS AND OTHER PARTY LEADERS, LED BY MUBASHIR HASSAN, DENOUNCING KHAR AS PROVINCIAL CHAUVINIST

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AND PETTY OPPORTUNIST UNWORTHY OF PUBLIC OFFICE. OUTCOME OF OCTOBER 19 POLL IS NOT IN DOUBT -- PPP CANDIDATE SHER MOHAMMED BHATTI IS MODEST, FAITHFUL, IF COLORLESS PARTY HACK, AND HIGH COMMAND HAS ALREADY MOUNTED POWERFUL CAMPAIGN TO INSURE HIS VICTORY. FUTURE FOR KHAR IS UNCLEAR, BUT HIS OFTEN FLAGRANT ABUSE OF POLITICAL POWER AS GOVERNOR (TWICE) AND CHIEF MINISTER OF PUNJAB HAVE LEFT HIM VULNERABLE TO PUBLIC ATTACK AND RAISES SERIOUS DOUBTS ABOUT HIS ABILITY

TO ORGANIZE A MASS MOVEMENT TO CHALLENGE PPP. STILL, KHAR IS GUTSY POLITICAL INFIGHTER, AND WHATEVER OUTCOME OF LAHORE BY-ELECTION, PPP HAS PROBABLY NOT HEARD LAST OF HIM.

3. PPP'S OTHER DISAPPOINTED SUITOR IN PUNJAB, SENATOR (FORMER CHIEF MINISTER) RAMAY, THOUGH STILL A PARTY MEMBER, HURLED AN UNPRECEDENTED IDEOLOGICAL CHALLENGE AT PPP CHAIRMAN BHUTTO AT LAHORE PRESS CONFERENCE SEPTEMBER 30. RAMAY, AN IMPORTANT FIGURE IN PARTY'S LEFT WING, CALLED ON BHUTTO TO CONVENE FOUNDER CENTRAL COMMITTEE, IMPLEMENT PARTY'S SOCIALIST MANIFESTO, AND REORGANIZE PPP ALONG DEMOCRATIC LINES. HE ALSO DEMANDED, INTER ALIA, THAT "AUTONOMY SHOULD BE GRANTED TO ALL PROVINCES" AS PROVIDED BY THE CONSTITUTION AND THAT ALLEGED "CONSPIRACY TO DIVIDE PUNJAB" SHOULD BE CHECKED. RAMAY CLAIMED HE WAS FORCED TO SPEAK OUT WHEN PRIME MINISTER BHUTTO IGNORED HIS EARLIER LETTER DETAILING SAME COMPLAINTS. HE WAS ALSO OBVIOUSLY STUNG BY BITTER PERSONAL ATTACK LAUNCHED BY FEDERAL MINISTER MAULANA NIAZI FOLLOWING A PROVOCATIVE ADDRESS BY RAMAY TO PPP WORKERS IN MULTAN SEPTEMBER 5 IN WHICH HE DECLARED HE WOULD "TURN THE PEOPLE'S STRUGGLE INTO A REVOLUTIONARY MOVEMENT." WHILE RAMAY APPARENTLY CHALLENGED BHUTTO OUT OF SENSE OF IDEOLOGICAL GRIEVANCE AND CONCERN FOR FUTURE OF PPP, TAKING

ADVANTAGE OF STRAINS IN PARTY CREATED BY KHAR'S DEFECTION, SOME BELIEVE HE WAS MOTIVATED MORE BY HIS REMOVAL FROM OFFICE OF CHIEF MINISTER AND SUBSEQUENT FAILURE TO GAIN HIGH CABINET POSITION IN CENTRAL GOVERNMENT. RAMAY HAS SAFE SEAT IN SENATE FOR FOUR YEARS, BUT BHUTTO IN EFFECT HAS ALREADY ISOLATED HIM FROM PARTY MAINSTREAM AND CAN PROBABLY GO ON SIMPLY IGNORING HIM, AT LEAST UNTIL NEXT GENERAL ELECTIONS. CONFIDENTIAL

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4. DESPITE TROUBLES IN OWN HOUSE, PPP CAN TAKE COMFORT FROM FACT THAT OPPOSITION UDF, IN CONTINUING DISARRAY, HAS BEEN UNABLE TO POSE ANY SIGNIFICANT CHALLENGE IN PUNJAB. JUP, MOST VIGOROUS ELEMENT IN FRONT, HELD EXECUTIVE COMMITTEE MEETING IN LAHORE AUGUST 27 AND DEFIED UDF BAN ON BOYCOTTING ELECTIONS, DECLARING PARTY WOULD TAKE PART IN POLLS ANYWHERE IN THE COUNTRY. ALTHOUGH STRONGER IN SIND, JUP HAS FOLLOWED UP BY NOMINATING CANDIDATE FOR OCTOBER 19 LAHORE BY-ELECTION, FURTHER EXACERBATING RIFT IN UDF. CONTINUING DEBATE IN FRONT OVER MAINTAINING BOYCOTT OF PROVINCIAL AND NATIONAL ASSEMBLIES (UDF COALITIONS IN SIND AND PUNJAB HAVING ALREADY DECIDED TO RETURN TO LEGISLATURES) HAS FURTHER WEAKENED UDF POSITION BASIC DOCTRINAL DIFFERENCES AMONG FRONT PARTIES -- ESPECIALLY JUP AND JI -- AND SQUABBLING OVER STRATEGY HAVE BROUGHT
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UDF TO BRINK OF DISSOLUTION. RUMORS THAT JUP MIGHT SPLIT OFF TO FORM ALLIANCE WITH TIP, OR THAT VARIOUS ELEMENTS OF PML MIGHT MAKE COMMON CAUSE WITH KHAR, HAVE EXCITED NO ONE. POSSIBILITY OF KHAR/RAMAY COLLUSION, THOUGH PROVOCATIVE, HAVE BEEN RULED UNLIKELY. TIP LEADER ASGHAR KHAN, BLACKED OUT AS OTHER OPPOSITION PARTIES ARE BY GOVERNMENT CONTROLLED PRESS, HAS NOT BEEN MUCH IN EVIDENCE IN PUNJAB LATELY. TIP HAS APPARENTLY DECIDED NOT TO CONTEST UPCOMING LAHORE BY-ELECTION, AND PARTY'S NEW MANIFESTO, EMPHASIZING LAND

REFORMS, HAS STIRRED GIBTLE INTEREST. THREE NEWLY-FORMED FRINGE GROUPS IN LAHORE, AZIZ AHMAD'S PAKISTAN JUSTICE PARTY, KURSHID HASSAN MEER'S "PPP MANIFESTO GROUP," AND FORMER LAHORE HIGH COURT JUSTICE SHAUKAT ALI'S PAKISTAN BAR ASSOCIATION, A THINLY DISGUISED ANTI-BHUTTO POLITQCCAL ORGANIZATION, HAVE RECENTLY EMERGED TO CONFRONT BHUTTO AND PPP. FOR THE MOMENT MERE STRAWS IN WIND, THEY DEMONSTRATE SEARCH FOR POLITICAL ALTERNATIVES AND PROVIDE ADDITION OUTLETS, HOWEVER MINOR, FOR DISSATISFACTION WITH PPP RULE.

5. THE NEW CHIEF MINISTER OF PUNJAB, SADIQ HUSSAIN QURESHI (A FORMER PUNJAB GOVERNOR AND CLOSE ASSOCIATE OF PM BHUTTO), WAS HAMSTRUNG BY PPP HIGH COMMAND BEFORE KHAR'S BREAK IN HIS STTEMPTS TO ESTABLISH A CABINET, BUT HAS SUCCEEDED NOW IN PUTTING TOGETHER A NINE-MAN MINISTRY OF FAIRLY IMPRESSIVE QUALITY. (TWO OR THREE MORE APPOINTMENTS ARE STILL EXPECTED.) CABINET IS MIXTURE OF YOUNG PARTY LEADERS WHO HAVE NOW ARRIVED AND OLD PPP STALWARTS WHO HAVE FINALLY BEEN REWARDED, AS WELL AS A FEW CARRYOVERS FROM PREVIOUS GOVERNMENTS, LED BY VERY CAPABLE AND EXPERIENCED SENIOR MINISTER DR. ABDUL KHALIQ (FINANCE), A TECHNOCRAT OF SORTS WHO HAD PORTFOLIOS OF HEALTH, EDUCATION AND INDUSTRIES IN KHAR AND RAMAY GOVERNMENTS. NEW GOVERNMENT FACED FIRST BIG TEST IN MID-AUGUST WHEN PARTS OF PUNJAB WERE BADLY FLOODED. CHIEF MINISTER QURESHI, ACTING AT FIRST ALONE WITH BUREAUCRACY AND LATER WITH TWO-MAN CABINET, SUCCESSFULLY RALLIED RELIEF EFFORT, ASSISTED BY CLOSE COOPERATION OF MILITARY. PM BHUTTO LENT HIS SUPPORT BY TOURING FLOOD-STRICKEN AREAS AND PLEDGED FEDERAL ASSISTANCE. FLOODS WERE ASSERTEDLY MAIN REASON FOR SHORTFALL IN WHEAT PROCUREMENT IN PUNJAB THIS YEAR, OFF BY APPROXIMATELY 25 PC FROM TARGET OF 9 LAKH TONS. (CHIEF MINISTER ACKNOWLEDGED AS MUCH IN INTERVIEW WITH CONSTABLE HERE SEPTEMBER 15.)
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CONSUMER SUPPLIED, HOWEVER, HAVE REMAINED ADEQUATE. QURESHI'S BIGGEST PROBLEM, AND ONE HE CAN PROBABLY DO LEAST ABOUT, HAS BEEN INFLATION. WITH PRICES RUNNING AHEAD OF LAST YEAR AND NO END IN SIGHT (RECENT 10 PC OIL HIKE WILL ADD TO INFLATIONARY WOES), PEOPLE HAVE BEGUNCOMPARING PRESENT REGIME UNFAVORABLY WITH SALAD DAYS UNDER AYUB. LABOR (AND STUDENTS) HAVE REMAINED REMARKABLY QUIET, BUT PARTY WILL LIKELY BECOME INCREASINGLY VULNERABLE ON PRICE ISSUE. TIME MAY COME WHEN IT WILL NOT BE ENOUGH FOR BHUTTO MERELY TO PLAY BACK SLOGANS OF 1970 CAMPAIGN, OR TO SAY, ALBEIT WITH SOME JUSTICE, "WHO CAN GET IT FOR YOU CHEAPER?"

6. OUTLOOK: SURFACING OF FACTIONALISM IN PPP TRIGGERED BY KHAR'S DEFECTION AND RAMAY'S IDEOLOGICAL CHALLENGE HAS EMBARRASSED PARTY IN PUJAB AND WILL NECESSITATE FIRM COUNTERMEASURES BY BHUTTO AND COMPANY. SOME HAVE ALREADY

BEEN TAKEN: QURESHI'S GOVERNMENT IS PERFORMING CREDITABLY, AND PARTY HIGH COMMAND HAS MOUNTED VIGOROUS CAMPAIGN TO SQUASH KHAR AND ISOLATE RAMAY. FOR SHORT RUN, WORST MAY ALREADY BE OVER, ALTHOUGH BHUTTO'S IMAGE HAS PROBABLY SLIPPED SOMEWHAT IN PROCESS. PPP CAN BE EXPECTED TO DEFEAT KHAR SOUNDLY IN OCTOBER 19 POLL, LEAVING HIM STRANDED WITHOUT A POLITICAL BASE; AND RAMAY, GAINING NO VISIBLE SUPPORT FROM HIS ATTACKS ON PARTY, COULD BECOME A VOICE CRYING IN WILDERNESS. IN LONG RUN, HOWEVER, BHUTTO AND PPP MUST WORK TO REORGANIZE PARTY ALONG REPRESENTATIVE, DEMOCRATIC LINES. FAILURE TO DO SO MIGHT PROMPT RENEWED OUTBURSTS OF SUCH FACTIONALISM, FURTHER WEAKENING PARTY IN HEARTLAND OF PUNJAB AND DIMINISHING BHUTTO'S STATURE AS PPP LEADER.

7. OF EQUAL, IF NOT GREATER, IMPORTANCE IS PPP'S ABILITY TO DELIVER ON ECONOMIC FRONT. 8.4 MILLION TON TARGET FOR WHEAT OUTPUT MAY ALREADY BE OUT OF REACH, GIVEN CONTINUING PROBLEMS WITH TARBELA, AND INFLATION SHOW NO SIGN OF EASING.

PUNJABIS TOLERATE COERCIVE, AUTHORITARIAN GOVERNMENT, BUT ONLY IF IT CAN PUT FOOD ON TABLE, CLOTHING ON BACKS AND ROOFS OVERHEAD. NEXT QUARTER WILL PROBABLY REVEAL NO OUTWARD DIMINUTION OF PPP POWER, BUT BHUTTO WILL HAVE TO WORK HARDER TO MAINTAIN POSITION OF PRE-EMINENCE. SPENGLER

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